

FISCAL NOTE

HB 2567 - SB 3013

March 6, 2006

SUMMARY OF BILL: Requires health insurance plans to provide coverage for hearing aids for anyone under the age of 18.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$18,500

Increase State Expenditures – Exceeds \$300,000

Increase Local Govt. Expenditures – Exceeds \$100,000*

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will increase premiums because most health insurance plans do not provide coverage for hearing aids. Such is estimated to exceed \$100,000.

Assumptions:

- Currently, the Department of Health provides hearing aids to 15 clients who have private insurance that does not cover the cost of hearing aids. This bill would require the private insurance to reimburse the Department for the costs estimated at \$18,500 (15 X \$1,233).
- According to the National Institute on Deafness and Other Communication Disorders, hearing loss affects 17 in 1,000 children. There are approximately 57,000 members in the state and local education health plans that are under the age of 18. It is estimated that 970 (57,000 X .017) suffer from some form of hearing loss.
- If 30% of the children needed hearing aids, the state and local education health plans would provide 291 children with coverage that could range from \$900 to \$2,500. On average, the state would pay \$1,700 per hearing aid and the total value would be \$494,700. Assuming a 90% benefit level, the plan cost would equal \$445,230 resulting in an increase to the employer's contribution of about \$356,184.
- Local govt. health plans that are not part of the state health plans and that do not provide coverage for hearing aids is estimated to increase expenditures in an amount that exceeds \$100,000.

- TennCare provides testing and hearing aids as medically necessary for children under the age of 21.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director